



— SPBA Action Update —

SPBA Member and TPA Owner Testifies Before Department of Labor’s ERISA Advisory Council

In some cases, plain words supported by facts carry the greatest impact. This was the case with the recent testimony provided by SPBA past Board of Directors member, Mary Smith, of Insurance Management Administrators, before the U.S. Department of Labor’s ERISA Advisory Council. Smith proved the point that, when communicating employee benefits, keeping things simple is what employers want and what employees need.

The ERISA Advisory Council held two days of hearings and took testimony from a variety of employee benefits experts on the Council’s efforts to reduce the burden and increase the effectiveness of mandated disclosures from employer-sponsored group health plans. The Council’s proposals include the elimination of the Summary Annual Report requirement; a consolidation of annual notices into a single annual notice issued in a standard format; and modification of the Summary Plan Description requirements to allow a short resource reference tool to be updated annually through a Quick Reference Guide.

Active in the TPA industry since 1982, Smith testified both as a third party administrator (TPA) who assists employers with compliance for her TPA clients and as an employer of over 150 employees, with the responsibility of ensuring that all the reports and regulatory documents are filed.

Smith testified first hand, illustrating the frustration that employers feel regarding the current mandatory notice and disclosure requirements and the health care claims payment system in general. She emphasized that employers feel “punished” because they are trying to do the right thing by providing benefits to employees and yet they are subject to draconian penalties if they miss a date for a notice. “The anger and the mounting frustration among employers and employees is very real,” she stated. An underlying reason for this dissatisfaction is that health care benefits are a personal, emotional product.

In her statement, Smith testified that she liked the Quick Reference Guide recommended by the ERISA Advisory Council in response to the burden of regulatory documents because it is simple and written in plain English. She said what is needed is something that “employees can understand, not legalese.” She suggested that employees would find a once-a-year, bundled packet of all benefits information helpful because they could keep it with other important personal papers like insurance policies in a location where the information can be referenced when and if it is needed. She further illustrated that employees don’t read the plan documents until they need them, and having a quick reference guide is helpful to get a quick answer.

Smith continued by emphasizing that because health care benefits are personal and emotional, employees also want to talk to a real person when they have questions or a claim has been denied. The Quick Reference Guide should direct them to a number or a person to call for more information. Smith testified that this is the benefit of utilizing a TPA who can answer employee questions.